



II. Market Development



Small farmers must become more innovative marketers to attract customers to buy farm-raised produce and other products.

Commission Recommendations: In addition to enforcing fair market practices, the Commission recommended several ways that the USDA could apply its market development programs and resources to bolster the marketing opportunities that are unique to small farms.

Recommendations included: an emphasis on cooperative development programs for farmer-owned, value-added enterprises; expansion of direct marketing assistance; interagency efforts to support local and regional food marketing systems between farmers and urban consumers; and an entrepreneurial education initiative to teach business development and marketing skills for farm- and forestry-based, value-added businesses.

AGENCY HIGHLIGHTS

Agricultural Marketing Service (AMS)

■ **Mandatory Price Reporting:** AMS implemented the Mandatory Price Reporting program in April 2001 to obtain information on terms of contracts offered for cattle, hogs, boxed beef, and lamb. The mandatory program requires the reporting of market information by packers who annually slaughter an average of 125,000 cattle or 100,000 swine, or slaughter or process an average of 75,000 lambs. Importers who annually import an average of 5,000 metric tons of lamb meat products are also required to report.

Mandatory reporting provides information on 80 to 95 percent of the volume of all cattle, boxed beef, slaughter hogs, sheep, lamb meat and imported lamb meat traded. This will provide much needed information to help ascertain whether contracting transactions are significantly different from cash market transactions with respect to price, and may help shed light on the nature of and reasons for those differences.



■ **Hog Prices, Formulas, and Mandatory Reporting:**

Mandatory reporting of terms of contracts will be particularly helpful in the hog industry. Unlike other meats, AMS does not grade pork. The industry developed its own standards, and uses various instruments to estimate the amount of cut-able meat from the carcass by measuring external fat thickness and loin depth. However, unless the instruments are placed correctly in a precise location of the carcass, artificially high fat readings result, and the outcome is lower prices to producers. Moreover, many producers are increasingly dissatisfied with the formula, alleging that the formula is either applied or adjusted to influence prices paid to producers by packers. Packers are required to supply the regression equations they use to derive their formulas to the Grain Inspection, Packers and Stockyards Administration (GIPSA) and AMS.



However, the formulas vary by statistically significant differences across packers, and they are not easily understood by outside parties. Together with obtaining information on contract terms for slaughter hogs, we should be able to provide much more accurate information to producers about the value characteristics of their hogs. This information has resulted in the development of a value-based marketing grid, which gives producers more accurate signals about the prices they can expect for varying quality of their hogs.

■ **Dairy Forward Contracting Pilot Project:** The dairy forward contracting pilot project mandated by Congress became operational on August 1, 2000. Two provisions are in place that are intended to provide producers with some protections and afford them time to become familiar with contracting. One provision requires that producers sign a disclosure statement, verifying that they were given a “Guidelines for Contracting” tip sheet developed by AMS, and that they signed the contract willingly and voluntarily. This disclosure statement must be a provision of any contract offered to a dairy producer. And, both the disclosure sheet and a copy of the contract must be on file with the Milk Market Administrator’s office.

The second provision is a limitation on first-time contracts to no more than twelve months, to give producers time to become familiar with contracting. Through August 2001, more than 3,045 forward contracts have been submitted under the pilot program. A study and report to Congress on the impact that forward contracting has had on prices paid to producers is due in 2002. Procedures for quantitative data collection through Market Administrators’ offices have been developed. Questionnaires to gather qualitative data from dairy farmers, plants operatives (handlers) and cooperatives were to be mailed in early 2002.

Farmer Direct Marketing

■ **AMS’s Farmer Direct Marketing Web Site:** This web site serves as an information source for farmer direct marketing activities by providing information on a variety of topics; links to appropriate Federal, State, university; and other web sites relating to direct marketing. The web site provides information on current projects, publications, and other AMS program activities in direct marketing. During 2000, additional links with Federal agencies were developed, along with extra materials for direct marketers.

■ **Direct Marketing Today: Challenges and Opportunities:** In February 2000, AMS published a direct marketing report presenting the findings from five AMS farmer direct marketing focus groups conducted in



In March 2001, USDA's Agriculture Marketing Service (AMS) published the *Farmer Direct Marketing Bibliography 2001*, which catalogs interrelated agricultural marketing research completed since 1980.

the Northeast, Midwest, and Southeast to identify farmer direct marketing challenges and opportunities. The findings are being used to direct program resources to issues of concern to direct marketers. A Spanish language translation is currently in review.

- **Farmer Direct Marketing Bibliography 2001:** In March 2001, AMS published the *Farmer Direct Marketing Bibliography 2001*, which catalogs interrelated agricultural marketing research completed since 1980. Twenty-seven functional categories are used to divide references from various resources including private industry, academia, and State and Federal Governments. This publication facilitates access to resources for small farmers.
- **National Directory of Farmers Market and Direct Marketing Associations 2001:** In April 2001, AMS published the *National Directory of Farmers Market and Direct Marketing Associations 2001*. These associations are a valuable resource for farm direct marketers as they offer many benefits and services. The objective of this publication is to improve access to information and resources that direct marketing associations offer marketers, consumers, and agricultural producers.
- **California Institute for Rural Studies:** AMS is working with the California Institute for Rural Studies to determine the contribution of direct marketing to farm entry and farm viability in California. The research focuses on small-scale agricultural producers and investigates marketing requirements of the growing population of minority and immigrant producers in the State.

Farmers Market Development

- **USDA Headquarters Farmers Market:** For the 6th consecutive year, AMS sponsored a farmers market at its USDA headquarters in Washington, D.C. to showcase the benefits of farmers markets. Current information on location and operation of farmers markets nationally may be obtained via the farmers market web site at www.ams.usda.gov/farmersmarkets/. Also, a toll-free hotline number (1-800-384-8704), provides immediate access for information relating to farmers market activities and programs at USDA.
- **Montgomery, Alabama State Farmers Market:** AMS initiated a study to determine the feasibility of expanding and updating facilities at the Montgomery State Farmers Market in Alabama. The study is being conducted through a cooperative partnership with Tuskegee University and the Alabama State Department of Agriculture. The study will evaluate alternative uses for underutilized trucker and retail sheds that currently occupy the site.
- **Lexington, Kentucky Farmers Market:** AMS is working with the Friends of the Lexington Farmers Market on a research study to determine the feasibility of establishing a year-round market. The study includes a consumer demand analysis, assessment of product availability, creation of a business plan, and recommendations for optimal site and design.
- **Santa Fe Area Farmers Markets:** AMS is working with producers, city planners, and the Santa Fe Area Farmers Market, Inc., in New Mexico, to evaluate grower requirements for direct marketing of locally grown products at a new location and to develop conceptual designs for new market facilities.



- **Burlington, Vermont Public Farmers Market:** AMS is working with the Vermont Department of Agriculture, City of Burlington, and Burlington Community Land Trust on a research and technical assistance project to develop an indoor year-round farmers market in Burlington, Vermont. Vendors operating in this proposed facility would be composed primarily of small farmers, grower cooperatives, and other producers of food and craft products.
- **Esperanza Community Housing Corporation:** AMS completed a project with Esperanza Community Housing Corporation to determine facility and space requirements for direct marketing of ethnic products in an urban public/farmers market in Los Angeles, California.
- **Anacostia Market (Washington, DC):** AMS provided technical assistance to improve a farmers market in a low-income area of Washington, DC. This case study looks at ways to create new markets for small local farmers and to provide fresh and affordable produce to residents of a low-income community through a farmers market. It also operates as an additional test site for the implementation of Electronic Benefits Transfer (EBT).
- **Sycamore Street Farmers Market:** An interim report was completed on the development of a farmers market pavilion at the Sycamore Street Market complex in downtown Waterloo, Iowa. A new market will substantially enhance producer sales resulting from greater access by local consumers to a variety of fresh and processed foods produced in Iowa.
- **Farmers Market Managers Curriculum:** AMS is working with the Small Farm Center at the University of California at Davis, to develop a *Farmers Market Managers Curriculum*. The curriculum will enhance the performance of farmers markets by improving the knowledge and skills of managers and improving the performance of the policy boards responsible for oversight.

Agricultural Diversity

- **Alaska Seafood Market:** AMS is conducting a study with the World Trade Center Alaska to assess the feasibility of developing an Anchorage seafood cooperative market. The objectives are to study the movement of seafood with the emphasis on fresh and live harvested products in South Central Alaska. The project investigates the opportunities and potential economic benefits of a wholesale seafood market facility to serve small and medium members of the regional seafood industry.
- **Export Opportunities for Small Farmers:** AMS is developing a project titled United Exports to assist minority, small, and disadvantaged farmers interested in marketing their agricultural and value-added products internationally. AMS has entered into a cooperative agreement with the African American Family Farms, Inc. to identify potential groups of small farmers, initially in Georgia, and connect them with shipper/exporters. The project will result in a database of small farmers and potential export sales.
- **Florida Small Farmers Market Fresh Produce to Local Schools:** AMS, in a collaborative effort with NRCS, the West Florida Resource Conservation and Development Council, and Florida A&M University, published a report, *Innovative Marketing Opportunities for Small Farmers: Local Schools as Customers*, in March 2000. The report details the successes and learning experiences of the New North Florida Cooperative over the 2-year project in marketing fresh and value-added products to local schools. AMS and its collaborators have followed up on this project with further applied marketing research targeted at expanding sales to additional school districts, the Department of Defense, restaurants, and grocery stores.
- **Alternative Marketing Opportunities for Virginia Small Farmers:** AMS, Virginia Polytechnic Institute and State University, and the Halifax County Cooperative Extension are currently working on a research project to create sustainable on-farm job and income opportunities for small farmers in Virginia and surrounding areas.



Using input from the local community and a mathematical decision process, profitable alternative agricultural enterprises were selected. These alternatives, including marketing of fresh strawberries, agri-tourism, and the production of bedding plants, were then tested in Halifax County. The decision process used by these farmers is applicable to other areas of the country experiencing a decline in farm income due to changes in farm subsidy programs or reductions in local natural resources industries.

- **Tobacco Alternatives Project:** AMS is working with the Commodity Growers Corporation to assist regional burley tobacco growers in transitioning to alternative high-value fruit and vegetable crops. This project funds small innovative marketing pilots for burley tobacco growers to increase diversification of crops and stimulate the regional farm economy.
- **Native American Small Farmer Marketing Project:** AMS began working with the Navajo Nation Department of Agriculture in early 2001 to develop marketing opportunities and potential farm-based businesses for Navajo small farmers near Shiprock, New Mexico. The objectives are to develop sustainable markets, create distribution channels, and establish a dependable customer base for traditional foods. Market research has been conducted to learn about consumer and food vendor purchase habits, wants, and needs. Connecting Navajo small farmers with these local consumers and food vendors will provide direct economic benefits to farmers and the community.
- **Market Opportunities for Texas Small Meat Producers and Processors:** AMS is participating in a cooperative research project with Texas A&M University to investigate market opportunities for small meat producers and processors in the restaurant and institutional food service sector. A guide to restaurant and institutional food service requirements and preferences for specialty meat products is planned for later publication. This guide is designed to be a practical marketing tool for any small operator (small rancher/livestock producer, slaughterhouse, or food processor) seeking to pursue or expand niche-marketing opportunities in the value-added meat product sector.
- **Weed-Free Hay Marketing Project:** AMS, the Wallowa County Government in Northeast Oregon, and Eastern Oregon University initiated a marketing study in May 2001 to develop value-added marketing opportunities for Western hay and straw farmers. The study will investigate local and regional marketing opportunities for weed-free hay and straw, develop deliverable quality standards, and identify transportation solutions. A group of local farmers has formed a steering committee to agree on production standards and investigate the possibility of organizing a cooperative. These Oregon small farmers plan to initiate value-added sales in 2002. The Oregon Department of Agriculture, APHIS, and FS are also participating in the project.
- **Technical Assistance to Nut Growers:** AMS is currently working with members of the Pennsylvania and Northern Nut Growers Association to help identify specific marketing problems and assist in developing appropriate solutions to these problems. Marketing research will generate reports, articles, point of purchase materials, and web-based information products to disseminate results to the small farm community, potential customers, and the nut-consuming public.
- **Kentucky Direct Delivery Systems:** AMS coordinated a *Kentucky Farm to School Workshop*, held in Georgetown, Kentucky, in May 2000. A publication entitled, *How Local Farmers and School Food Service Buyers are Building Alliances* documents the information and discussions of the workshop. AMS and the Kentucky Department of Agriculture are working together on a collaborative effort to assist a cooperative of small farmers in direct deliveries of value-added products to institutional food service facilities, including local restaurants and State parks. The project will study the economic and logistic feasibility of direct deliveries to local institutions.
- **Small Organic Producers Showcase Products:** AMS, in coordination with the Organic Trade Association, the National Association of State Departments of Agriculture,



and the Foreign Agricultural Service, organized a booth at the Food Marketing Institute (FMI), U.S. Food Export Showcase, in May 2000. Organized around the theme, “*U.S. Organic Marketplace*,” the booth enabled 11 small organic producers to display their products for buyers and international visitors attending the FMI annual convention. The objective was to give small organic producers the opportunity to display their products in customer-rich surroundings that might otherwise not be cost-effective for a small company.

Federal-State Marketing Improvement Program (FSMIP)

Through this Program, AMS provides matching funds to State departments of agriculture or other appropriate State agencies for a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products primarily for small farmers. In announcing the availability of funds for FY 2000 and 2001, AMS encouraged applicants to submit proposals that correspond with ongoing national initiatives relating to small farms, direct marketing, and sustainable agriculture.

Funds totaling \$1.2 million were allocated during FY 2000. In FY 2001, the appropriation for FSMIP grants was raised to \$1.347 million. Over the 2000 and 2001 fiscal years, FSMIP awarded matching funds to the following projects:

- A \$42,000 grant to the Arizona Department of Agriculture, in cooperation with Arizona State University, for an evaluation of the tourism industry as an alternative marketing channel for Arizona agricultural products.
- A \$78,000 grant to Purdue University to assist in developing a unique production and marketing system that will enhance the profitability and sustainability of small to midsize beef producers and processors in the Eastern Corn Belt region.
- A \$55,000 grant to the Iowa Department of Agriculture and Land Stewardship for a multifaceted project aimed at expanding local food systems through direct marketing to Iowa institutions.
- A \$55,000 grant to Kansas State University, in cooperation with the Kansas Department of Commerce and Housing, to identify additional market opportunities for new varieties of hard white wheat and assess alternative business organization structures that could be used by Kansas producers in supplying those markets.
- A \$55,000 grant to the Massachusetts Department of Food and Agriculture, in concert with counterpart departments in Connecticut, Vermont, and New York, for marketing research and organizational assistance to develop an innovative approach to marketing for small-farm livestock producers in the Northeast.
- A \$40,000 grant to the Michigan Department of Agriculture for a cooperative project with Michigan State University and the Midwest Nut Producers Council to examine consumer interest and develop product quality criteria for marketing Midwest-grown edible chestnuts.
- A \$27,500 grant to the Missouri Department of Agriculture, in cooperation with University of Missouri Outreach and Extension, aimed at increasing direct market access, communication, and nutrition by connecting producers to consumers and producers to producers.
- A \$48,000 grant to the Montana Department of Agriculture, with Montana State University and others, to assess market opportunities and strategic directions for specialty herbs and essential oils crops in western Montana.
- A \$20,000 grant to the North Carolina Department of Agriculture to assist in developing an information base to evaluate the current competitive position of the Fraser Fir Christmas tree industry and in formulating a marketing plan for growers in western North Carolina and surrounding areas.
- A \$35,000 grant to the North Dakota Department of Agriculture to explore the feasibility of creating a central order fulfillment capability as part of the further development of the Internet Shopping Mall for North Dakota products.



- A \$31,000 grant to the Pennsylvania Department of Agriculture, in cooperation with the Pennsylvania Association for Sustainable Agriculture, to develop and implement a comprehensive business plan for a community farmers market on the south side of Pittsburgh.
- A \$24,000 grant to the South Dakota Department of Agriculture, in cooperation with the Mid-U.S. Honey Producers Marketing Association, to determine the market potential for locally produced honey mead.
- A \$31,000 grant to the Vermont Department of Agriculture, Food and Markets, in cooperation with counterpart agencies in other northeastern States, to further develop an infrastructure for collecting and marketing high quality sheep and goat genetic material.
- A \$60,000 grant to the Washington State Department of Agriculture, in partnership with the Pacific Coast Shellfish Growers Association, for market research and development of an interactive data base that will allow oyster farmers to more easily form cooperative networks and develop strategies for business success.
- A \$50,000 grant to the Alabama Department of Agriculture and Industries, in cooperation with the Departments of Horticulture and Agricultural Economics at Auburn University, was provided to assist in the development of the Gulf Coast Satsuma mandarin industry. This will be accomplished by identifying new markets, assessing consumer acceptance, and developing quality standards. Additional objectives include assessing handling, packaging, and labeling alternatives.
- A \$62,000 grant was provided to the Alaska Department of Natural Resources' Division of Agriculture to identify barriers and develop marketing strategies to more effectively promote "Alaska Grown" vegetables and potatoes through retail channels.
- A \$51,000 grant was provided to the Regents of the University of California to enhance the economic viability of small farms and rural communities and foster the preservation of farmland and agriculture in the Yolo-Solano-Napa region through a farm trails and agri-tourism project.
- A \$35,900 grant was provided to the California Department of Food and Agriculture, in cooperation with the Lodi-Woodbridge Winegrape Commission, to help winegrape growers learn how to establish wineries and vertically integrate their operations to add value and attract consumer interest.
- A \$54,700 grant was provided to the Florida Department of Agriculture and Consumer Services, in cooperation with the Department of Food and Resource Economics at the University of Florida, to assess and characterize demand for seafood and aquaculture among Hispanic consumers, to identify effective marketing strategies to reach this growing segment of the U.S. population, and to disseminate the information to the U.S. seafood and aquaculture product sector.
- A \$25,900 grant was provided to the Florida Department of Agriculture and Consumer Services, in cooperation with the Daytona Beach Partnership, to enhance opportunities for local growers to supply hospitals, hotels, restaurants, schools, and other local institutions.
- A \$20,000 grant was provided to the Idaho Department of Agriculture to assess the market for and educate small-scale producers about opportunities to produce pastured poultry and poultry products as a way to diversify their income.
- A \$35,000 grant was provided to the Iowa Department of Agriculture and Land Stewardship, in cooperation with Cooperative Development Services, to assist producers of organic and natural foods to better understand the distribution channels and markets for their products; conduct market research and provide business development assistance for organic meat, dairy, grain, and feed producers and processors; and develop a strategic program to increase opportunities for direct marketing of livestock products in Iowa and the Upper Midwest.



- A \$45,700 grant was provided to the Maryland Department of Agriculture, in cooperation with the Eastern States Bison Cooperative (with members from 11 States), to develop a strategy for commercializing and promoting bison meat, and in cooperation with the Howard County Economic Development Authority, to conduct a feasibility study for an online virtual farmers market to attract consumer subscriptions for local produce.
- A \$17,500 grant was provided to the Massachusetts Department of Food and Agriculture, on behalf of the Pilgrim Resource Conservation and Development Area Council, Inc., to evaluate demand and define the market for value-added lavender and specialty herb products. This project will provide an option for family farms in southeastern Massachusetts to diversify their operations and, in cooperation with the University of Massachusetts at Lowell, to identify opportunities for local farmers to supply specialty produce to ethnic restaurants in a city with a growing immigrant population.
- A \$47,050 grant was provided to the Michigan Department of Agriculture, in cooperation with Western Michigan University, the Michigan State Horticultural Society, the Michigan Apple Committee, the Michigan Cherry Committee, and the Michigan Vegetable Council, Inc., to compile a comprehensive, consumer-oriented database of Michigan agriculture-based destinations and assess the impact of agri-tourism on the State economy.
- A \$14,500 grant was provided to the Minnesota Department of Agriculture, in cooperation with the Minnesota Christmas Tree Association, to identify consumer preferences for Christmas trees, evaluate consumer reaction to several new Christmas tree varieties, and assess acreage of different Christmas tree varieties currently in production to better plan for meeting future consumer demand.
- A \$65,650 grant was provided to the Mississippi Department of Agriculture, in cooperation with the Hinds Community College Small Business Development Center and International Trade Center, to meet the business and



A farmer examines his muscadine grape crop which he markets at fresh markets.

financial training needs of Mississippi agribusinesses through the development of distance learning opportunities, workshops, and conferences.

- A \$72,600 grant was provided to the Missouri Department of Agriculture, in cooperation with:
 - The Southwest Missouri State University, to facilitate development of an alternative market for fruit as an ingredient for making fruit brandy, spirits, and port;
 - The University of Missouri-Columbia Food Circles Networking Project, to implement a communication network between small-scale producers, processors, and restaurants in the Kansas City area to encourage use of locally grown products; and
 - The University of Missouri-Columbia, the Missouri Corn Growers Association, the Missouri Seed Improvement Association, and the Missouri Soybean Association, to assess the State's organic feedgrain and soybean production and distribution capacities and explore export opportunities in the United Kingdom.
- A \$61,500 grant was provided to the New Mexico Department of Agriculture to complete case study analyses and business plan reviews of small farms and ranches and make recommendations about how to effectively increase direct sales and to conduct a



farm-to-school pilot project involving three public schools and a newly formed cooperative of small-scale Hispanic farmers.

- A \$51,000 grant was provided to the North Carolina Department of Agriculture and Consumer Services, in cooperation with North Carolina State University, the North Carolina Grape Council, and the North Carolina Muscadine Grape Growers Association, to explore market development opportunities for muscadine grapes, a variety native to the Southeastern United States.
- A \$48,500 grant was provided to the Oregon Raspberry and Blackberry Commission to conduct research on cranberry seeds and seed oil to determine their nutraceutical properties and assess marketing opportunities for new products.
- A \$60,750 grant was provided to the Pennsylvania Department of Agriculture, in cooperation with the Center City Proprietors Foundation, to assist successful small-scale food processors to develop marketing strategies for moving their products into local retail channels.
- A \$89,900 grant was provided to the South Carolina Department of Agriculture, in cooperation with the South Carolina Governor's Office, Clemson University, and others, to assess opportunities for farmers to convert from tobacco production to high-value medicinal crops.
- A \$50,000 grant was provided to the South Dakota Department of Agriculture, in cooperation with the Americas Quality Crop Network, to assist wheat producers to efficiently market their identity-preserved grain via the Internet.
- A \$76,500 grant was provided to the Tennessee Department of Agriculture, in cooperation with the University of Tennessee, to develop a comprehensive guide and self-evaluation tool, based on the experience of more than 50 successful and diverse Tennessee agricultural entrepreneurs, to help start-up valued-added agribusinesses assess and improve their marketing plans.
- A \$50,000 grant to the Utah Department of Agriculture, in cooperation with the Southern Utah Forest Products Association, to create a Resource Center at the entrance of Capital Reef National Park to showcase and sell high-value crafted wood products made by local and national artisans and craftspeople; provide technical and business assistance to small-scale wood products businesses; and develop a nationally recognized sustainable forest resource center.
- A \$28,000 grant was provided to the Utah Department of Natural Resources and other entities in Idaho and Oregon to study the emerging market for native plants and seeds in the five-State Great Basin region (portions of Utah, Nevada, Idaho, Oregon, and California).
- A \$44,000 grant was provided to the Virginia Department of Agriculture and Consumer Services and others to enhance the effectiveness of the State's international promotional efforts through video conferences targeted to potential buyers in six global markets to more directly link buyers and sellers of Virginia produce.
- A \$50,000 grant was provided to the Washington State Department of Agriculture, in cooperation with the potato commissions of Washington, Oregon, and Idaho, to provide Japanese processors with technical information about the characteristics and uses of U.S. chipping potatoes and to explore opportunities to supply potatoes to Japan.



Harvesting potatoes.



- A \$38,500 grant was provided to the West Virginia Department of Agriculture, in cooperation with West Virginia University and the West Virginia Sheep Management Project, to develop a comprehensive database for lamb production in West Virginia. Developing a marketing plan will enhance the profitability of small independent lamb producers.
- A \$75,850 grant was provided to the Wisconsin Department of Agriculture, Trade and Consumer Protection, in cooperation with the University of Wisconsin-Madison, to help establish a viable system of farm-based specialty dairy processing and direct marketing in the North Central region. In cooperation with the University of Wisconsin, Department of Dairy Science, the grant will be used to sponsor a workshop and conference to discuss current dairy cattle (replacement female) guidelines and develop formal recommendations for USDA official grades.
- A \$25,000 grant was provided to the Wyoming Department of Agriculture, in cooperation with Mountain States Lamb Cooperative and Colorado State University, to verify the accuracy of a grid pricing system model for lamb that will enable processors to identify and sort carcasses based on accurate, objective measurements and potentially increase returns to producers.
- A \$59,600 grant was provided to the University of Arkansas at Pine Bluff to conduct research and provide technical assistance to limited-resource farmers in the Eastern Arkansas Delta area in order to help these farmers market alternative and value-added farm products in nearby urban centers.
- A \$40,000 grant was provided to the Colorado Department of Agriculture, in cooperation with Colorado State University, to identify an appropriate organizational model for facilitating the distribution of fresh produce between local farmers' markets and restaurants.
- A \$64,000 grant was provided to the Hawaii Department of Agriculture to develop a comprehensive market information system about Hawaiian grown agricultural commodities, in order to help small farmers, processors, and handlers of tropical and specialty farm products make better informed business decisions.
- A \$65,000 grant was provided to the Idaho State Department of Agriculture, in cooperation with the University of Idaho, to study the economic viability of establishing a commercial rebaling system for timothy and other grass hays that would produce 60-80 lb. packages of hay and potentially expand the customer base for baled hay products.
- A \$58,000 grant was provided to the Illinois Department of Agriculture, in cooperation with Southern Illinois University, to identify the specific product preferences of organic grain processors and end-users, and help small farmers pool their organic grain supplies so that they can better meet the volume requirements and quality characteristics demanded by specialty grain customers.
- A \$65,300 grant was provided to the Louisiana Department of Agriculture and Forestry, in cooperation with Louisiana State University and Southern University, to study the accuracy of an electronic trace back system for livestock. Information obtained from the trace back system may allow small producers to make adjustments in their breeding programs. The main objective is to help small farmers obtain greater profits from their cattle sales.
- A \$25,000 grant was provided to the Missouri Department of Agriculture, in cooperation with Southwest Missouri State University, to develop and assess demand for locally manufactured fruit brandy and port products, and examine the extent to which sales of fruit brandy and port could be expected to enhance the potential income of small Missouri-based fruit producers.
- A \$60,000 grant was provided to the Ohio Department of Agriculture, in cooperation with Bowling Green State University and Ohio State University, to identify desired product specifications for beef products, and develop a



grid pricing system that would reward the small cow-calf producers for supplying the market with animals that meet strict genetic and management history standards, and yield carcasses with consistent quality characteristics.

- A \$80,000 grant was provided to the Oklahoma Department of Agriculture, in cooperation with Oklahoma State University and the Kerr Center for Sustainable Agriculture, to examine marketing practices at current and former farmers' markets in Oklahoma, and evaluate the economic and non-economic factors that appear to impede or contribute to the financial success of farmers' market operations.
- A \$17,800 grant was provided to Washington State University to identify which factors appear to contribute most significantly to the success or failure of Internet-based marketing ventures launched by small farm operations.
- A \$30,800 grant was provided to the Wisconsin Department of Agriculture, Trade and Consumer Protection, in cooperation with the University of Wisconsin, to strengthen marketing linkages between small producers of hormone-free, antibiotic-free, or pasture-fed meat items and wholesale/retail customers willing to pay a premium for these specialty meat products.

Cooperative State Research, Education, and Extension Service (CSREES)

- **“Farming for Profit, Stewardship and Community” Information/Education:** In response to the National Commission on Small Farms recommendation that USDA launch a communications campaign to inform farmers about 10 years of Sustainable Agriculture Research and Education (SARE) research results, CSREES's SARE program prepared two-page “tip sheets” on ten topics of interest to small farmers (e.g., soil improvement, marketing, pest management, farm planning). Educators and farmers provided widespread input. Ten thousand sets of the tip sheets have been distributed to USDA field



USDA field office outreach professionals provide tips to small farmers.

offices (Service Centers (FSA/NRCS/RD), Cooperative Extension Service, and Risk Management Agency), nonprofit organizations, farmers, and ranchers, and at major small farm conferences and trade shows in 2001. They are also posted on the World Wide Web at www.sare.org/tipsheet/index.htm. A series of advertisements about the tip sheets and how to get them were also placed on the web and in *Small Farm Today* magazine and other publications that target the small farm community.

- **New CSREES/ECS Initiative Supports Field Outreach Professionals To Guide Producers in Marketing Farm-Produced Products and Recreational Experiences:** CSREES Economic and Community Systems staff conducted a professional development workshop in Colorado during 2001. Another workshop was scheduled for Florida in 2002. This workshop will provide USDA field outreach professionals with the understanding and skills needed to help producers launch new ventures and engage in more direct marketing of farm-produced products and recreational experiences.

Maine, Florida, and Michigan are expanding entrepreneurial training for agricultural producers and other rural businesses. Internet-based training is also being developed. A workshop on USDA grants/cost-share



programs was presented at the North American Farmers Direct Marketing Association Conference in January 2001. A USDA resources guide, *Building Better Rural Places: Federal Programs for Sustainable Agriculture, Forestry, Entrepreneurship, Conservation and Community Development*, was released in 2001.

SARE-supported activities in New York State have sponsored leadership training in agri-development. A forestry-oriented entrepreneurial training event was hosted in Texas. Wyoming is currently developing a ranch diversification project with the State Rural Development Council and land-grant universities to be launched in September 2002. Forest Service and CSREES have provided funding for new training pilot programs to help small farmers and ranchers with entrepreneurial skills relating to natural resource based businesses.

- **CSREES SARE Grant Stimulates New Organic Chile Pepper Niche Market in Missouri:** Several central Missouri family farmers now benefit from organically growing chile peppers on a large-scale commercial basis for a previously untapped gourmet chile product market. Taste of the Kingdom, a wholesale, value-added product company, began to explore the feasibility of growing chile peppers, not traditionally grown in Missouri, for a gourmet chile pepper product line.

As product demand grew, the owner was forced to buy chilies from Californian and Mexican growers due to the lack of chilies available from Missouri farmers. The company worked with a group of Missouri family farmers who experimented with growing chile peppers for the company's products. CSREES supported this effort with a Sustainable Agriculture Research and Education (SARE) demonstration grant, which was awarded in 2000.

- **Limited-Resource Small Farmers in Tennessee Helped with Vegetable Marketing:** Tennessee State University (TSU) Cooperative Extension specialists assisted limited-resource small farmers in western Tennessee during 2000-2001 to organize and incorporate a production and marketing cooperative, Southern Growers, Inc., to better market their vegetables.

This effort responded to a problem experienced by these farmers in meeting vegetable market requirements for variety, quality, quantity, and timing of their vegetable crops. Sweet potato varieties were identified as a lucrative crop for value-added pie and cake products. A TSU Extension specialist will continue to help the Cooperative's growth by providing technical assistance and new market research, which will investigate the market potential for other locally grown crops.



Limited-resource small farmers in western Tennessee organized and incorporated a production and marketing cooperative, the Southern Growers, Inc., to better market their vegetables.



Farm Service Agency (FSA)

- County Executive Director Jeff Groat and employees of the Elmore County FSA Office established the first farmers market in Mountain Home, Idaho. Employees organized community informational meetings seeking participation from all members of the local communities in developing the market. The farmers market, held the first Saturday of every month, is run by Service Center volunteers.

The market started with three local producers, has now grown to eight, and is still growing. There is one nonprofit or youth group invited to attend each market for a fundraiser. The first youth group to attend was the United Indian Tribal Youth of the Shoshone-Paiute Indian Tribe from the Duck Valley Reservation. Another nonprofit group attending has been the Elmore County Humane Society. They were more successful adopting out pets at the market than at any other activity they participated in. University of Idaho Extension Service Master Canners and Food Preservers always have representatives at the market promoting, choosing, preparing, and storing food.

- FSA is a partner of the “Idaho Agriculture Alternatives,” a network formed of Federal, State, Education, Idaho Legislature, and Business and Industry groups. The participating agencies, all within the State of Idaho, draw upon their combined resources and information to provide services to farm and ranch families who see the need to strengthen their existing operations or to look at other business and career opportunities.

Food and Nutrition Service (FNS)

In response to recommendations 3.26 and 7.11 of the Commission’s report, FNS is continuing to pursue several initiatives to assist the Nation’s small farmers and to promote program purchases from them. They include promoting a “farm-to-school” project; expanding the Women, Infants and Children (WIC) Farmers’ Market Nutrition Program (FMNP); and increasing participation of farmers markets in the Food Stamp Program by enabling them to accept electronic food stamp payments.



Under USDA’s “farm-to-school” initiative, small farmers are able to market their fresh fruits and vegetables directly to schools participating in the National School Lunch Program.

- **The Small Farms/School Meals Initiative:** This initiative, popularly called the “farm-to-school” project, encourages small farmers to sell fresh fruits and vegetables to schools and encourages schools to buy wholesome produce from small farmers. The program involves the cooperation of Federal, State, and local governments, as well as of local farm and educational organizations. Successful farm-to-school projects have been implemented in Florida, North Carolina, and California during the past few years, providing valuable experience for future expansion efforts.

Additionally, USDA staff facilitated the following small farms presentations:

- (1) Small Farms Workshop held in Perry, Georgia in July, 2001;
- (2) “The Gathering Strength II”—A National Gleaning, Food Recovery and Community Food Security Forum in Phoenix, Arizona;
- (3) Establishing Cooperatives at the National Black Farmers Association Conference 2000 in Richmond, Virginia;
- (4) The Community Food Security—“What’s New and What’s Ahead” at the Cornell University Food and Agriculture Leadership Institute for Extension Educators, Washington, DC; and



- (5) The “Working Together, We Can Restore Our Ecosystem—Regional Conference—Town Hall Meeting” sponsored by the South Florida Community—Urban Resources Partnership (SFCURP) in Miami, Florida.

During 2000, FNS released a publication entitled, *Small Farms/School Meals Initiative Town Meetings, A Step-by-Step Guide on How to Bring Small Farms and Local Schools Together*. This new publication contains “how to” information on bringing local producers and local school service staff together for mutual benefit; assisting small farmers in discovering new markets for fresh fruits and vegetables; and giving schools an opportunity to learn how to purchase locally grown fresh vegetables. The publication is available on the Food and Nutrition Service’s web site at: www.fns.usda.gov/cnd/Lunch/SmallFarms/small.pdf.

FNS will incorporate the Small Farms/School Meals initiative into the current Memorandum of Understanding (MOU) with the Department of Defense (DoD) to assist small farmers. Under such an agreement, DoD would use its vast experience to help small farmers market and deliver their fresh produce to schools. As part of the “farm-to-school” project, FNS, AMS, DoD, nonprofit organizations, and other USDA agencies started implementing regional workshops.

The workshops are focused on developing partnerships that promote the creation of successful farm-to-school initiatives. The first regional workshop occurred in Georgetown, Kentucky, in May 2000. Many new business relationships between small farmers and school food service directors have been formed in Davies, Fayette, and Franklin Counties as a result of the Kentucky workshop. In addition to the Kentucky workshop, other workshops were held in Oregon and New York during 2001. A small farmers conference was held in Perry, Georgia in July 2001, which generated much interest in this initiative.

■ **Expansion of USDA’s WIC Farmers’ Market**

Nutrition Program (FMNP): The FMNP was established by Congress in July 1992 to provide fresh, nutritious, unprepared foods (such as fruits and vegetables) from farmers’ markets to women, infants, and children who are nutritionally at risk, and to expand the awareness and use of farmers’ markets by consumers. The funding level for fiscal year 2001 of \$20 million supported participation of 41 State agencies, including 4 Indian Tribal Organizations.

During 2002, FNS continues to encourage expansion of the program within existing States and to new States. In addition, in FY 2001, three new sites joined the program and just over \$ 2.1 million was provided to State agencies to expand FMNP operations. In FY 2000, the FMNP served over 1.9 million women and children in the WIC Program. Over 1,600 farmers’ markets and 12,800 farmers provided fresh produce to FMNP recipients.

■ **Implementation of the Seniors Farmers’ Market**

Nutrition Pilot Program (SFMNPP): In FY 2001, USDA implemented a pilot program, the SFMNPP, using authorities and funds of the Commodity Credit Corporation. The purposes of the SFMNPP are to (1) provide, fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farmers’ markets,



In 2001, USDA implemented a Pilot Seniors Farmers’ Market Nutrition Program, which enables eligible seniors to buy locally grown fresh produce at authorized farmers markets.



roadside stands, and community supported agriculture programs to low-income seniors; (2) increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers markets, road stands, and community supported agriculture programs; and (3) develop or aid in the development of new and additional farmers markets, roadside stands, and community supported agriculture programs.

Almost \$15 million in grants was awarded to 36 State agencies including 5 Indian Tribal Organizations. Altogether, these grants were expected to serve more than 370,000 low-income senior citizens. The grant funds were for food benefits only. Grantees received administrative support for the pilot program from non-Federal sources such as State appropriated funds, tribal funds, private donations, and/or in-kind support. Grantees included State Departments of Agriculture, Aging, and Health, as well as tribal governments. Many of the grantees developed creative partnerships with Federal, State, and nonprofit organizations to accomplish the goals of the program. These collaborative efforts also provided nutrition education to all participating senior citizens.

SFMNPP grantees used several innovative approaches in designing their programs such as the use of a paperless system that is essentially an electronic debit program; biweekly home deliveries of produce to homebound seniors; using the Senior FarmShare Program as a model to stimulate the expansion of community supported agriculture programs; and transportation to farmers' market sites from senior centers and congregate meal sites.

For more information about this program, please visit the WIC Program/Farmers' Market Web Site at: www.fns.usda.gov/wic/FMNP/farmersmarketsmenu.htm.

- **Increasing Farmers Market Participation in the Food Stamp Program:** By October 2002, all States are required to have the Food Stamp Electronic Benefit Transfer (EBT) System in place. Since farmers markets do not have ready access to phone lines and electricity, the infrastructure for accepting EBT payments at these

locations does not exist. FNS is currently working with several States to test various solutions to these technical problems.

The District of Columbia, Hawaii, New Mexico, and Washington are using an EBT voucher-type system in selected farmers' markets. New York and Florida are pursuing the use of wireless phone technology to complete food stamp transactions at farmers' markets in the fall of 2001 in New York City, and during the next growing season in several locations in Florida.

For more information about the Food Stamp EBT System, please visit the Food Stamp Web Site at: www.fns.usda.gov/fsp/.

Natural Resources Conservation Service (NRCS)

ARKANSAS

- NRCS and the University of Arkansas at Pine Bluff (UAPB) are exploring opportunities for developing alternative crop markets. The Alternative Crop Marketing Project's aim is to improve the economic well being of small acreage, limited-resource, and rural farm families. The initial stages of the planned strategies for the project have been implemented. They include financing, recruitment, and industry promotion. The problem of developing an efficient and dependable workforce has been solved and the vegetable production is being adjusted to conform to the basic economic principles of supply and demand. The major achievements for the project are as follows:
 - Established a local market for retail produce sale,
 - Established a marketing relationship with the Carpenter's Produce Company where farmers can plan their vegetable growing activity to supply an identified market,
 - Increased the number of acres of produce grown in the area by more than 50 percent,



- Established a marketing opportunity for cooperatives with sweet potatoes with Glory Foods in Columbus, Ohio,
- Assisted in organizing two new cooperatives, Oak Growers Vegetable Co-op and Hughes Vegetable Co-op,
- Established marketing for cooperatives with the Wal-Mart Distribution Center, Clarksville, Arkansas; Chicago WIC Program, Chicago, Illinois; Agriculture Improvement Project, Markham, Illinois; Akin & Porter Produce, Inc., Greenfield, Tennessee; J.W. Holding Group Associates, Inc., Portwood, Mississippi; Glory Foods, Columbus, Ohio; and Arkansas WIC Program, Little Rock, Arkansas.



COLORADO

- The San Juan RC&D Council participated in a county government led initiative to determine ways to assist local small farmers in continuing viable farming and ranching operations in the area. The owner of a local farmers market approached the San Juan RC&D Council and asked for assistance to develop a long term operating plan and explore opportunities to advance farmers markets throughout the San Juan RC&D area. The San Juan RC&D Council also took on a project to develop Fourcornersag.com, an Internet based on-line market, to provide another outlet for local small farmers to market their products and services.

TEXAS

- A proposal was developed to establish markets for specific plant materials to be grown and marketed by small farmers and socially disadvantaged producers. This is a cooperative effort among NRCS; Texas A&M University, Kingsville; University of Texas—Pan American; Rio Bravo RC&D Council; and the Kika de la Garza Plant Materials Center.
- The Coahuiltecan Indian Tribe is considering a venture to raise bison for ceremonial purposes and to sell meat products to the public. The Alamo RC&D Council and the American Indian Liaison are assisting the Coahuiltecan Tribe, and this venture is now beginning to come together.

Rural Business-Cooperative Service (RBS)

- In accordance with the Government Performance and Results Act (GPRA), USDA drafted a five-year strategic plan for the Rural Development mission area. The plan includes a Rural Business-Cooperative Service (RBS) priority to support small, minority, women, and disadvantaged farmer programs, and it also includes support for cooperatives and value-added projects for small farmers.
- A FY 2000 priority administrative goal required State Offices to use a combination of discretionary points, outreach, and other effective strategies to make measurable progress in improving access to loan, grant, and technical assistance programs to small farmers, especially minorities, women, and beginning farmers. Each State office was requested to make at least one Business and Industry (B&I) Guaranteed loan to support the development of a small farm cooperative. The (B&I) Guaranteed Loan Program helps create jobs and stimulates rural economies by providing financial backing for rural businesses. This program provides guarantees up to 90 percent of a loan made by a commercial lender.



USDA's Rural Business-Cooperative Service administers the B&I Guaranteed Loan Program, which guarantees up to 90 percent of a loan made by a commercial lender.

- Of the \$112.57 million obligated in FY 2000, \$37,941,787 was obligated for projects that support small and beginning farmers.
- Forty-three of 47 State Rural Development Offices have staff to serve as cooperative development specialists to assist cooperative market development programs as a collateral or full time duty. Ten of the 43 States have created a full-time cooperative specialist position. The goal is to have at least one trained cooperative specialist in each State office.
- During a 6-month period in FY 2000, the Cooperative Service National Office provided technical assistance in direct support of existing cooperatives or those in development. Half (16 of 32) were in support of cooperatives serving small and minority farmers (eight in the South, five in the West, two in the North Central, and one in the East).
- The new Cooperative Stock Purchase Program is administered by the B&I Guaranteed Loan Program and has made 29 loans (\$2,576,500) for qualified individual farmers. The program provides guaranteed financial assistance to farmers to purchase stock in a start-up value-added cooperative.

- Since September 1995, North Carolina A&T State University has successfully leveraged funds received from USDA/RBS to establish a Minority Community Business Development Partnership (MCBDP). MCBDP stimulates the establishment of small business in the agricultural and minority Enterprise Communities (EC) of the Halifax-Edgecombe-Wilson Tri-County area.

Rural Cooperative Opportunities and Problems (RCOP) funded projects include:

- Examining the Barriers to Small and New Farmer Membership in Agriculture Marketing Cooperatives in the Southeastern Region, South Carolina University.
- The Role of Small-Scale Growers' Cooperatives in Sustaining Northeast Agriculture, The New England Farm Institute.
- Rural Worker Cooperatives: A Means to Economic Empowerment of People with Disabilities, University of Montana.
- The Role of Small-Scale Growers' Cooperatives in Sustaining Northeast Agriculture, Cornell University.



In FY 2000, USDA's Rural Business-Cooperative Service drafted a five-year plan that included a priority to support small, minority, women, and disadvantaged farmer programs. It also includes support for cooperatives and value-added projects for small farmers.



- Accessing Technology and Markets: Cooperative Production and Marketing Strategies for Small Scale Pork Producers, Purdue University.

Cooperative financing through B&I program funding increased from 1998-2000:

- Southern Illinois Aquaculture Cooperative, an aquaculture supply and marketing cooperative located in Pickneyville, Illinois was incorporated in 1999 with assistance from the Southern Illinois University, Regional Economic Development Center. Pembroke Farmers Cooperative located in Pembroke Township, Illinois, packs and markets fresh vegetables. It also produces and markets free-range poultry. The cooperative has been serving African-American, limited-resource farmers, since it was incorporated in 1999.
- The Community Alliance with Family Farmers (CAFF) is a nonprofit organization based in Davis, California, which promotes the needs of small family farmers throughout California. It leveraged supplemental financing (\$40,000) from the Leighty Foundation, the F.A.O. Schwartz Family Foundation, and an in-kind contribution from the Ocean Group for the development of a web site. CAFF will develop a statewide directory and web site of direct farmer-to-consumer market outlets.



The Community Alliance with Family Farmers (CAFF) is a nonprofit organization which promotes the needs of small family farmers throughout California.

These markets will include farmers markets, community-supported agriculture, U-pick operations, agri-tourism, harvest festivals, farm trails, and farm stands. It is expected that proceeds from the sale of the directory will make this project self-supporting. This project will support not only direct marketing, but also agri-tourism. The California Department of Food & Agriculture has estimated that there are between 4,000 and 4,500 growers in the State using various direct marketing strategies.

- The New Farms is a newly established tortilla baking facility in San Miguel County, New Mexico. Funding from several sources was provided for startup costs and equipment purchases. Benefits to the local community include the three new jobs and incomes from wheat sales for farmers in four surrounding counties. Two types of tortillas, breakfast cereals, and two by-products of the processing (organic animal feed and straw bales for building material) are marketed.
- State Offices were recognized (with an Administrator's Award) for excellence in support of USDA's commitment to provide financial services to small and beginning farmers. For example:
 - The Michigan State Office obligated \$8,412,800 in RBS funds to small and beginning farmers including the following:
 - (1) Rural Business Enterprise Grants (RBEG), \$236,000 or 27 percent of the \$884,000 allocation.
 - (2) Business and Industry (B&I) Guaranteed, \$8,176,800 or 37 percent of the \$26,144,300 allocation.
 - Eight of the eleven loans made for cooperative projects were to individual farmers to finance the purchase of stock in startup cooperatives under the Cooperative Stock Purchase Program.
 - Minnesota obligated \$10,399,711 in RBS funds to small and beginning farmers, including:
 - (1) RBEG, \$163,000 or 35 percent of the \$463,000 allocation



(2) B&I Guaranteed, \$10,036,711 or 21 percent of the \$47,271,000 allocation.

(3) Rural Economic Development Loan (REDL), \$200,000 or 29 percent of the \$681,000 allocation.

Two of six loans made for cooperative projects were to individual farmers to finance the purchase of stock in startup cooperatives under the Cooperative Stock Purchase Program.

- The Appropriate Technology Transfer for Rural Areas (ATTRA) clearing-house is in operation and is actively disseminating small farm information and technical assistance to farmers. In addition, ATTRA was actively involved in the 1999 National Small Farm Conference. FY 1999 funding for ATTRA increased from \$1.3 to \$1.5 million, and for FY 2000 it increased to \$1.7 million.

